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To: **All Maine Employers**

January, 2002

RE: **Changes To Next Year's Quarterly Income Tax Withholding Returns**

Beginning in 2002, Maine's quarterly income tax withholding return will have a new look. Maine Revenue Services ("MRS") plans to improve the collection of employee-level withholding tax information. We will be collecting withholding information about your employees on a quarterly basis, rather than annually. The new reporting procedures for the collection of detailed employee-specific withholding are as follows:

- **Withholding Only (Form 941ME) Filers** – The change will be the addition of a withholding detail page (see below) similar to the current wage detail page of the combined quarterly return ("CQR") of withholding tax and unemployment contributions (Form 941/C1-ME). The addition will consist of a 3-column document calling for employee name, social security number, and **Maine income tax withheld in the quarter**. Employers that provide this information will no longer be required to submit W-2 information when filing the annual reconciliation of Maine income tax withheld, Form W-3ME, in February. The new form and instructions will be included in the employers' tax withholding booklets to be mailed to each registered employer in March, 2002.

FORM 941ME		<u>Income Tax Withholding Listing</u>	
7. Employee Name (Last, First, MI)	8. Social Security Number	9. Income Tax Withheld in Quarter	
a. _____	\$ <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
b. _____	<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
c. _____	<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
			
v. _____	<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
w. _____	<input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
10. Total on this page		10.	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
11. Total for ALL pages (Enter here and on page 1, line 4)		11.	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

(OVER)

- MRS will be adopting the Simplified Tax and Wage Reporting System (“STAWRS”) electronic filing standards. STAWRS uses Extensible Markup Language (“XML”) to collect withholding tax and unemployment insurance contributions data. MRS is now drafting an XML manual and developing software to process these files. The STAWRS process will replace the ICESA magnetic media filing standards MRS now uses by April 1, 2003. The XML software should be available in July or August 2002 for testing and filing.
- Effective February 2003, all companies who do not report withholding amounts to Maine Revenue Services using the CQR wage reporting form or XML as mentioned above must annually submit to MRS withholding tax amounts on magnetic media following the Magnetic Media Reporting and Electronic Filing-1 (“MMREF-1”) format or via paper reports (W-2s) with Form W-3ME.
- In the future, MRS intends to develop additional changes that may eliminate the need to file Form W-3ME. We hope to achieve these additional changes by 12/31/2002.

MRS welcomes inquiries on the changes to the quarterly withholding form and reporting procedures. If you have questions about it, please send them to Mark E. Landry at State House Station # 24, Augusta, ME 04333 or send an e-mail to him at mark.e.landry@state.me.us.

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